

REMUNERATION POLICY OF SLI SYSTEMS LIMITED

SLI Systems (SLI) is committed to retaining our performing staff through market competitive remuneration and reward. SLI aims to attract, motivate and retain the talent our company needs to achieve its strategic and operational objectives, whilst balancing these demands with the interests of its stakeholders.

1 Guiding Principles

SLI aims to provide remuneration that is both competitive with its external markets and that remains affordable and sustainable for the company. In line with the following principles, SLI:

- rewards and recognises performance in support of our high-performance culture.
- aligns performance expectations to our business strategy, key result areas and values.
- aims for remuneration decision-making to be applied consistently and objectively, company-wide.
- aims to have remuneration packages that are easily understood by employees and prospective employees.
- aims to ensure that internal fairness is maintained within the context of external market competitiveness.

2 Application

This policy applies to directors, officers and all permanent employees of SLI.

3 Directors

- Non-executive director remuneration is paid in the form of directors' fees.
- The total fees available to directors (the "director fee pool") is approved by SLI's shareholders. The Board determines the actual fees paid to directors from within the overall director fee pool.
- Additional fees are paid to the Chair of the Board.
- The Board may determine that additional fees and allowances should be paid to individual directors to reflect any additional services provided to SLI.
- Non-executive directors do not receive any:
 - a. Retirement scheme benefits or entitlements; or
 - b. Performance or equity-based remuneration.
- The Board reviews the level of director remuneration each year to ensure it is fair and reasonable.
- SLI's annual report provides details of the director remuneration and fees paid by SLI.
- Executive directors are not paid director fees.

4 Remuneration Market

- In assessing the competitiveness of our remuneration packages locally, SLI benchmarks against the private sector within the relevant geographic location and job type. SLI considers Remuneration against market data.
- SLI accesses market data from several remuneration consultancies to underpin our remuneration decision-making, using a benchmark job-matching approach. The most relevant matches for roles are sought.
- For all roles, SLI participates in regional market-leading industry-specific salary surveys for remuneration data and trends.

5 Executive Remuneration

- Total remuneration for executives may be made up of some or all of the following components:
 - Fixed remuneration: consisting of a base salary and benefits like KiwiSaver or its equivalent;
 - Short-term incentives: consisting of the incentives outlined at section 6 of this policy;
 - Long-term incentives: consisting of the incentives outlined at section 7 of this policy.

6 Short-term Incentives

- Executives and some specific employees may be eligible for a discretionary incentive scheme intended to motivate and reward for performance that is conditional on the achievement of certain performance criteria.
- Short-term incentive plans are typically:
 - Measured over, and payable on, a quarterly or otherwise as agreed basis;
 - Payments that are calculated as a percentage of the executive's base salary or such other fixed amount;
 - Subject to specific, objective and measurable goals and targets.

7 Long-Term Incentives

- Senior permanent employees may be eligible for a long-term incentive plan when they join the company.
- If an employee is provided a long-term incentive it will generally be in the form of options which will generally have a one-year cliff and four-year vesting period or a combination of Stock Appreciation Rights (SARS) and Options that will generally have similar vesting characteristics to pure options. The intent here is to align employee and shareholder interests, encourage employees to drive long-term sustainable performance and promote a culture of guardianship (care and responsibility).

8 Salary Review

- Total remuneration for all staff is reviewed annually at 1 July. (Salary review does not necessarily imply individual increases). Considerations include market movements, salary trends, our current market alignment, general economic indicators and company performance.

9 Authority Levels

- Human Resources must be consulted in the setting of all salary levels (new appointments and salary reviews) to ensure overall consistency with the remuneration policy.
- Remuneration must not be discussed with candidates or incumbents in roles prior to consultation with Human Resources.
- The Board will approve and sign off the budget parameters for the remuneration review annually.

The following authority levels apply with respect to new appointees and salary review for existing staff:

<p>New appointments</p>	<p>General Staff <i>Recommended by the line manager and approved by the CEO</i></p> <p>Executives who report direct to CEO <i>Recommended by the CEO, approved by the Board or a subcommittee appointed by the Board</i></p> <p>CEO <i>Recommended and approved by the Board or a subcommittee appointed by the Board</i></p>
<p>Salary movements for existing employees</p>	<p>General Staff <i>Recommended by the line manager and approved by the CEO subject to budget constraints from the Board</i></p> <p>Executives who report direct to the CEO <i>Recommended by the CEO, approved by the Board or a subcommittee appointed by the Board</i></p> <p>CEO <i>Recommended by the Chairman and approved by the Board or a subcommittee appointed by the Board</i></p>

10 Governance

The Nominations and Remuneration Committee of the Board has the following accountabilities and delegations:

- Nominations and Remuneration Committee approval is required for all remuneration decisions concerning the CEO and their direct reports (this includes salary review outcomes and short-term incentive parameters, entitlements and metrics).
- Nominations and Remuneration Committee approval is required for the annual salary review budget.
- Nominations and Remuneration Committee to review all short- and long-term incentive and

